

EXHIBIT 1

INTRODUCTION

Respondent Louise Gund is an individual residing in Berkeley, California. In 2005, during the second semi-annual campaign reporting period, Respondent made political contributions totaling \$88,000, as reported on her major donor campaign disclosure statement filed electronically on November 17, 2005. Since Respondent made contributions of \$10,000 or more in a calendar year, she qualified as a “major donor committee” under the Political Reform Act (the “Act”).¹ As such, Respondent was required to comply with the specific campaign reporting provisions of the Act.

As a major donor committee, Respondent was required to file a semi-annual campaign statement, commonly known as a “major donor statement,” disclosing Respondent’s campaign activity during the period January 1, 2005 through December 31, 2005. As a major donor committee, Respondent was also required to file late contribution reports within 24 hours of making any late contributions of \$1,000 or more. In addition, since Respondent made contributions totaling more than \$50,000, she was required to file her major donor statements and late contribution reports in both electronic and paper format.

For the purposes of this stipulation, Respondent’s violations are stated as follows:

COUNT 1: Respondent Louise Gund failed to timely disclose a \$75,000 late contribution to the No on Proposition 77 committee in a properly filed late contribution report in paper format, by the November 8, 2005 due date, in violation of Section 84203, subdivision (a) of the Government Code.

COUNT 2: Respondent Louise Gund failed to timely disclose a \$75,000 late contribution to the No on Proposition 77 committee in a properly filed late contribution report in electronic format, by the November 8, 2005 due date, in violation of Section 84605, subdivision (a) of the Government Code.

COUNT 3: Respondent Louise Gund failed to timely file a semi-annual campaign statement in paper format for the reporting period January 1, 2005 through December 31, 2005, by the January 31, 2006 due date, in violation of Section 84200, subdivision (b).

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions, including loans, totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Section 82046, subdivision (b) specifies that the “period covered” by a campaign statement shall begin with the day after the closing date for the last statement filed. If a person has not previously filed a campaign statement, the period covered begins on January 1.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 through June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 through December 31, and must be filed by January 31 of the following year.

Section 84203, subdivision (a) requires that when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election statement.

In 1997, the Legislature amended the Act to require committees that are significantly active on the state level to file their campaign statements electronically as well as on paper. In doing so, the Legislature specifically declared, as set forth in Section 84601, subdivisions (b) and (c), that “public access to campaign disclosure information is a vital and integral component of a fully informed electorate,” and that “[a]dvances in technology have made it viable for disclosure statements or reports... to be filed online..., thereby maximizing availability to the public.” Accordingly, Section 84605, subdivision (a) requires all committees, defined in subdivision (c) of Section 82013, to file online or electronically with the Office of the Secretary of State if they make contributions of fifty thousand dollars (\$50,000) or more in a calendar year.

Section 84215, subdivision (a) requires all major donor committees that make contributions supporting or opposing state candidates, measures, or committees to file their campaign statements with the offices of the Secretary of State, the Registrar-Recorder of Los Angeles County, and the Registrar of Voters of the City and County of San Francisco.

SUMMARY OF THE FACTS

During the second semi-annual reporting period July 1, 2005 through December 31, 2005, Respondent Louise Gund made contributions totaling \$88,000 as reported on the semi-annual major donor campaign statement she filed electronically on November 17, 2005. On November 7, 2005, Respondent made a \$75,000 contribution to the No on Proposition 77 committee, and on November 14, 2005, she made a \$13,000 contribution to the No on Proposition 73 committee. By making campaign contributions totaling more than \$10,000 in the 2005 calendar year, Respondent qualified as a major donor committee under Section 82013, subdivision (c).

Respondent filed a major donor semi-annual campaign statement in electronic format for the reporting period January 1, 2005 through December 31, 2005 on November 17, 2005 disclosing the above contributions totaling \$88,000. However, Respondent did not file a major donor semi-annual campaign statement in paper format until March 23, 2006. In addition, Respondent did not timely file a late contribution report in paper and electronic format for the \$75,000 late contribution until after the November 7, 2005 election.

The Enforcement Division staff discovered the violations in this case as part of the Enforcement Division's Streamlined Major Donor Program.

COUNT 1

Failure to File a Late Contribution Report in Paper Format

On November 7, 2005, during the late contribution reporting period, Respondent Gund made a \$75,000 contribution to the No on Proposition 77 committee. As a major donor committee, Respondent Louise Gund had a duty, under Section 84203, subdivision (a) to file a late contribution report by November 8, 2005, disclosing the \$75,000 campaign contribution made to the No on Proposition 77 committee. Respondent filed a late contribution report in paper format on November 16, 2005, eight days after the election. By failing to timely file a late contribution report in paper format by November 8, 2005, Respondent violated Section 84203, subdivision (a).

COUNT 2

Failure to File a Late Contribution Report in Electronic Format

On November 7, 2005, during the late contribution reporting period, Respondent Gund made a \$75,000 contribution to the No on Proposition 77 committee, as noted in Count 1 above. Since Respondent made contributions totaling more than \$50,000 in 2005, Respondent had a duty, under Section 84605, subdivision (a), to file a late contribution report in electronic format by November 8, 2005, with the Office of the Secretary of State disclosing the \$75,000 campaign contribution made to the No on Proposition 77 committee. Respondent filed a late contribution report in electronic format on November 18, 2005, ten days after the election. By failing to timely file a late contribution report in electronic format by November 8, 2005, Respondent violated Section 84605, subdivision (a).

COUNT 3

Failure to File a Semi-Annual Campaign Statement in Paper Format

As a major donor committee, Respondent Gund had a duty, under Section 84200, subdivision (b), to file a semi-annual campaign statement in paper format for the reporting period January 1, 2005 through December 31, 2005, by the January 31, 2006 due date, disclosing campaign contributions made during that reporting period. Respondent was required to file the statement in paper format at all locations specified in Section 84215, subdivision (a). Respondent filed the semi-annual campaign statement in electronic format on November 17, 2005, but did not file it in paper format until March 23, 2006. By failing to timely file a semi-annual campaign statement in paper format by January 31, 2006, Respondent violated Section 84200, subdivision (b).

CONCLUSION

This matter consists of three counts, which carry a maximum possible administrative penalty of Fifteen Thousand Dollars (\$15,000).

Respondent was excluded from the Enforcement Division's Streamlined Major Donor Enforcement Program due to the size of the late contribution and because she has a prior enforcement history. In 2003, the Commission imposed an \$800 administrative penalty against Respondent for her failure to timely file a semi-annual campaign statement as a major donor committee.

The late contribution reporting requirements of the Act serve a very important role of informing voters of eleventh-hour pre-election contributions. The dollar amount of the unreported late contribution in this instance is substantial, and was not reported in either paper or electronic format until after the election. The administrative penalty imposed for violations resolved outside of the Streamlined Enforcement Programs has historically been determined on a case-by-case basis, and has varied depending on the aggravating and mitigating circumstances of each case. In this case, the violation is aggravated by the fact that: 1) the late contribution was not reported until after the 2005 Statewide Special Election, 2) the large amount of the contribution, and 3) the previous enforcement history of Respondent. Accordingly, an administrative penalty in the middle to upper penalty range for the late reporting violations is appropriate.

Respondent's failure to timely file a semi-annual campaign statement in paper format is mitigated by the fact that she filed the statement electronically before the deadline, and filed the statement in paper format prior to any contact by Commission staff. Accordingly, an administrative penalty in the lower penalty range is appropriate.

The facts of this case, and the above aggravating and mitigating factors, justify imposition of the agreed upon administrative penalty of Eight Thousand Five Hundred Dollars (\$8,500).